

**SARAWAK ENERGY BERHAD** (007199-D)  
**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2008**

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2008**

	<b>Individual Period</b>		<b>Cumulative Period</b>	
	Current year quarter RM'000	Preceding year corresponding quarter RM'000	Current Year-to-date RM'000	Preceding year corresponding period RM'000
Revenue	319,843	290,436	319,843	290,436
Operating expenses	(255,963)	(248,753)	(255,963)	(248,753)
Other income	27,346	28,956	27,346	28,956
Finance costs	(9,281)	(8,634)	(9,281)	(8,634)
Share of profits of associates	890	1,014	890	1,014
Profit before taxation	82,835	63,019	82,835	63,019
Taxation	(16,672)	(17,323)	(16,672)	(17,323)
Profit for the period	66,163	45,696	66,163	45,696
Attributable to:				
Equity holders of the parent	65,976	45,747	65,976	45,747
Minority interest	187	(51)	187	(51)
	66,163	45,696	66,163	45,696
<b>Earnings per share attributable to equity holders of the parent:</b>				
Basic (sen)	4.34	3.01	4.34	3.01
Diluted (sen)	4.34	N/A	4.34	N/A

The unaudited condensed consolidated income statements should be read in conjunction with the audited annual financial report for the financial year ended 31 December 2007.

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**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**AS AT 31 MARCH 2008**

	<b>Unaudited</b>	<b>Audited</b>
	As at 31.3.2008 RM'000	As at 31.12.2007 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	4,439,939	4,341,983
Prepaid land lease payments	130,726	129,800
Investment in associates	34,419	35,279
	<u>4,605,084</u>	<u>4,507,062</u>
<b>Current assets</b>		
Inventories	250,488	249,761
Development properties	100,273	100,273
Receivables	261,989	274,189
Short-term deposits	759,239	637,199
Cash and bank balances	175,883	272,316
	<u>1,547,872</u>	<u>1,533,738</u>
	<u>6,152,956</u>	<u>6,040,800</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	1,519,295	1,518,949
Reserves	1,151,555	1,077,045
	<u>2,670,850</u>	<u>2,595,994</u>
<b>Minority interest</b>	16,334	16,147
<b>Total equity</b>	<u>2,687,184</u>	<u>2,612,141</u>
<b>Current liabilities</b>		
Payables	521,016	481,065
Short-term borrowings	90,698	89,984
Current tax liability	10,323	11,547
	<u>622,037</u>	<u>582,596</u>
<b>Non-current liabilities</b>	<u>2,843,735</u>	<u>2,846,063</u>
<b>Total liabilities</b>	<u>3,465,772</u>	<u>3,428,659</u>
	<u>6,152,956</u>	<u>6,040,800</u>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>	1.76	1.71

The unaudited condensed consolidated balance sheets should be read in conjunction with the audited annual financial report for the financial year ended 31 December 2007.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 MARCH 2008**

	Attributable to Equity Holders of the Parent							Minority interest	Total Equity	
	Share Capital	Share Premium	Capital reserves	Capital Redemption reserve	Share Option reserve	General reserves	Retained profits			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2008</b>	1,518,949	-	85,355	73,128	904	94,147	823,511	2,595,994	16,147	2,612,141
Issue of ordinary shares pursuant to ESOS	346	397	-	-	-	-	-	743	-	743
Share options granted under ESOS	-	-	-	-	8,137	-	-	8,137	-	8,137
Profit for the period	-	-	-	-	-	-	65,976	65,976	187	66,163
<b>Balance at 31 March 2008</b>	<b>1,519,295</b>	<b>397</b>	<b>85,355</b>	<b>73,128</b>	<b>9,041</b>	<b>94,147</b>	<b>889,487</b>	<b>2,670,850</b>	<b>16,334</b>	<b>2,687,184</b>
<b>At 1 January 2007</b>	1,518,949	-	85,355	73,128	-	94,147	533,511	2,305,090	14,406	2,319,496
Profit for the period	-	-	-	-	-	-	45,747	45,747	(51)	45,696
<b>Balance at 31 March 2007</b>	<b>1,518,949</b>	<b>-</b>	<b>85,355</b>	<b>73,128</b>	<b>-</b>	<b>94,147</b>	<b>579,258</b>	<b>2,350,837</b>	<b>14,355</b>	<b>2,365,192</b>

The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited annual financial report for the financial year ended 31 December 2007.

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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2008**

	For the current period ended 31.3.2008 RM'000	For the preceding corresponding period ended 31.3.2007 RM'000
Net cash from operating activities	149,887	112,187
Net cash used in investing activities	(121,526)	(49,025)
Net cash used in financing activities	<u>(2,754)</u>	<u>(1,708)</u>
<b>Net change in cash and cash equivalents for the period</b>	25,607	61,454
<b>Cash and cash equivalents at the beginning of the financial period</b>	<u>909,515</u>	<u>668,700</u>
<b>Cash and cash equivalents at the end of the financial period</b>	<u><u>935,122</u></u>	<u><u>730,154</u></u>

The condensed consolidated cash flow statements should be read in conjunction with the audited annual financial report for the financial year ended 31 December 2007.

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**SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**1 Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007.

**2 Changes in accounting policies and adoption of new and revised Financial Reporting Standards**

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2007 except for the adoption of the following revised Financial Reporting Standards (“FRSs”) effective for financial period beginning 1 January 2008:

FRS 107:	Cash Flow Statements
FRS 111:	Construction Contracts
FRS 112:	Income Taxes
FRS 118:	Revenue
FRS 119:	Employee Benefits
FRS 120:	Accounting for Government Grants and Disclosure of Government Assistance
FRS 126:	Accounting and Reporting By Retirement Benefit Plans
FRS 129:	Financial Reporting in Hyperinflationary Economies
FRS 134:	Interim Financial Reporting
FRS 137:	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121:	The Effects of Changes in Foreign Exchange Rates -Net investments in a Foreign Operation

The adoption of the above revised FRSs does not have any significant impact on the financial statements of the Group.

**3 Audit report**

The Group’s financial statements for the year ended 31 December 2007 were reported on without any qualification.

**4 Seasonal or cyclical factors**

The Group’s performance in the current quarter was not affected by any seasonal or cyclical factors.

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**5 Unusual items**

There were no unusual items affecting the Group's assets, liabilities, equity, net income or cash flows for the current quarter.

**6 Changes in estimates**

There were no significant changes in the estimates of amounts reported in previous quarters, which have a material impact on the interim financial statements.

**7 Debt and equity securities**

- (a) During the financial period ended 31 March 2008, the Company issued 345,700 ordinary shares of RM1 each for cash pursuant to the Company's ESOS at exercise price of RM2.15 per ordinary share.
- (b) Other than the above, there were no material issuances, cancellations, repurchases, resales and repayments of debts and equity securities for the current quarter.

**8 Dividend paid**

No dividend was paid by the Company in the current quarter.

**9 Segmental reporting**

The Group principally involves in the generation, transmission, distribution and sale of electricity within the same geographical region. Accordingly, no segmental information is presented.

**10 Valuation of property, plant and equipment**

Property, plant and equipment are carried in the books of accounts at net book value and no separate valuation exercise has been undertaken.

**11 Subsequent events**

The Company had on 7 May 2008 signed Heads of Agreement ("HOA") with Tenaga Nasional Berhad ("TNB"), which translate the understandings in the Memorandum of Understanding ("MOU") (as announced on 11 February 2008) into a binding arrangement between the parties. Under the terms of the HOA, the parties will formalize an arrangement whereby the Company will develop electricity generation capacity in order to enable it to supply to TNB 3000MW of electricity for the period from Year 2017 to Year 2020 and a further 5000MW for the period from Year 2021 to Year 2030, based on a schedule to be mutually agreed upon by both parties.

The details of the above HOA were also announced on 7 May 2008.

Other than the above, there were no material events subsequent to the end of the current quarter.

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**12 Changes in the composition of the Group**

There were no material changes in the composition of the Group for the current quarter.

**13 Contingent liabilities and assets**

There are no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

**14 Capital commitments**

On 29 March 2006, the Group has awarded the contracts for its proposed construction of a 2x135MW Coal-Fired Power Station in Mukah to China National Machinery & Equipment Import & Export Corporation ("CMEC") and PPES Works (Sarawak) Sdn. Bhd. at contract sums of approximately RM736 million and RM38 million respectively.

As of 31 March 2008, a total sum of RM594.5 million had been paid and reflected for in the financial statements pursuant to the above-mentioned capital commitments.

On 10 September 2007, the Group has awarded a contract for its proposed construction of one unit of 110MW Combined-Cycle Power Generation in Bintulu, Sarawak to CMEC at a contract sum of approximately RM346 million only.

Other than the above, there are no material capital commitments to be disclosed as at the date of this report.

**15 Review of performance**

For the financial period ended 31 March 2008, the Group recorded a profit before taxation of RM82.8 million as compared to a profit before taxation of RM63.0 million for the preceding year corresponding period.

The improvement in performance was mainly contributed by the higher electricity sales resulting from higher demand and the increase in tariff rate which came into effect from 1 April 2007.

**16 Material changes in the quarterly results**

The Group recorded a profit before taxation of RM82.8 million in the current quarter as compared to a profit before taxation of RM98.3 million for the preceding quarter. This is mainly the result of the overprovision for genset maintenance being written back upon the completion of the major overhaul of the relevant genset in the preceding quarter and higher fuel costs in the current quarter.

**17 Current year prospects**

Barring unforeseen circumstances, the Group expects to turn in a satisfactory performance in 2008.

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**18 Profit forecast / profit guaranteed**

Not applicable.

**19 Taxation**

(a) Taxation comprises of:

	<b>Individual Period</b>		<b>Cumulative Period</b>	
	Current year quarter RM'000	Preceding year corresponding quarter RM'000	Current Year-to- date RM'000	Preceding year corresponding period RM'000
Income tax				
- Current year	20,222	13,781	20,222	13,781
- Over provision in prior years	(1,523)	-	(1,523)	-
Deferred tax				
- relating to origination and reversal of temporary differences	(2,027)	3,542	(2,027)	3,542
	<u>16,672</u>	<u>17,323</u>	<u>16,672</u>	<u>17,323</u>

- (b) The effective tax rate of the Group for the financial period is lower than the statutory tax rate in Malaysia mainly due to:
- (i) the availability of unutilized capital allowances and unabsorbed investment allowances brought forward; and
  - (ii) certain income which is not taxable.

**20 Sales of unquoted investments and/or properties**

There were no sales of unquoted investments and/or properties during the current quarter.

**21 Purchase or disposal of quoted securities**

There were no purchase or disposals of quoted securities during the current quarter.

**22 Status of corporate proposals**

There are no corporate proposals which have been announced that have not been completed as at the date of this announcement.



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**23 Group borrowings and debt securities**

Total group borrowings and debt securities as at 31 March 2008 were as follows:-

	Ringgit Borrowings RM'000
Short-term borrowings	
- unsecured	2,133
- secured	7,565
Current portion of long-term borrowings	
- unsecured	55,000
- secured	26,000
	<u>90,698</u>
Long-term borrowings	
- unsecured	220,000
- secured	795,000
	<u>1,015,000</u>

**24 Off balance sheet financial instruments**

The Group does not have any financial instrument with off balance sheet risk as at the date of this report.

**25 Material litigation**

There is no pending material litigation as at the date of this report.

**26 Proposed dividend**

The Directors recommend the payment of a final ordinary dividend of 5 sen gross dividend per share, less income tax at 26% for the financial year ended 31 December 2007 (financial year ended 31 December 2006: 4.1 sen gross per share, less income tax at 27%). The proposed dividend will be subject to the shareholders' approval at the forthcoming Annual General Meeting to be held at a date to be announced later.

The total proposed final dividend payment of the Company for the financial year ended 31 December 2007 will amount to approximately RM56,201,127 (financial year ended 31 December 2006: RM45,462,155).

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**27 Earnings Per Share**

	<b>Individual Period</b>		<b>Cumulative Period</b>	
	Current year quarter	Preceding year corresponding quarter	Current Year-to-date	Preceding year corresponding period
Profit attributable to ordinary equity holders of the parent (RM'000)	65,976	45,747	65,976	45,747
<b>(a) Basic Earnings Per Share</b>				
Weighted average number of ordinary shares in issue (in thousands)	1,519,044	1,518,949	1,519,044	1,518,949
Basic earnings per share for Profit for the period (sen)	4.34	3.01	4.34	3.01
<b>(b) Diluted Earnings Per Share</b>				
Weighted average number of ordinary shares in issue (in thousands)	1,519,044	1,518,949	1,519,044	1,518,949
Weighted average of shares under option (in thousands)	19,901	-	19,901	-
Number of shares that would have been issued at fair value (in thousands)	(20,278)	-	(20,278)	-
Adjusted weighted average number of ordinary shares	1,518,667	1,518,949	1,518,667	1,518,949
Diluted earnings per share for Profit for the period (sen)	4.34	N/A	4.34	N/A

**BY ORDER OF THE BOARD**

**AISAH EDEN**  
Company Secretary  
Date: 23 May 2008